GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1733
ANSWERED ON:01.08.2003
APPRAISAL OF PROJECTS BY BANKS FINANCIAL INSTITUTIONS
ASHOK KUMAR PATEL;SULTAN SALAHUDDIN OWAISI

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have sought the advice of the RBI to find out the waysand means to prevent inordinate delay in appraisal of projects proposals by corporates to banks and financial institutions;

(b) if so, the details thereof;

(c) whether RBI has constituted any team for this purpose;

(d) if so, the details thereof;

(e) whether proposals submitted by corporates for appraisal to banks and financial institutions are inordinately delayed; and

(f) if so, the steps taken or being taken by Government or directions issued by RBI tobanks and Financial Institutions to minimize the delay in project appraisal ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO V. ADSUL)

(a): Yes, Sir.

(b): Reserve Bank of India (RBI) was requested to make an assessment of process of project appraisal.

(c): No Sir.

(d): Does not arise.

(e): No such finding has been reported by RBI.

(f): RBI in consultation with Government of India has issued guidelines to banks on `Fair Practices Code for Lenders` in May 2003. The guidelines, inter - alia, stipulate that in the case of lending under consortium arrangement, the participating lenders should evolve procedures to complete appraisal of proposals in a time bound manner to the extent feasible, and communicate their decisions on financing or otherwise within a reasonable time.